



State of Utah

Department of  
Environmental Quality

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August 3, 2004

Khosrow Semnani  
President and CEO  
Envirocare of Utah  
605 North 5600 West  
Salt Lake City, Utah 84116

Dear Mr. Semnani:

We have completed our disposal fee audit of the mixed waste, PCB, and the naturally occurring radioactive material low activity radioactive waste fees paid by Envirocare of Utah, Inc. to the Department of Environmental Quality for the period from July 1998 through December 2003. Our audit consisted of a review of Envirocare's procedures and controls related to the receiving, recording and reporting of waste fees and sample testing of Envirocare's records to determine that waste fees have been properly reported, calculated, and submitted to the Department.

We identified some errors that resulted in improper waste fee payments to the Department. The net amount due the Department is \$9.50. This amount may need to be adjusted based on additional work being performed by Envirocare to correct a problem related to the proper reporting and fee calculation for curies and a completion of Envirocare's internal audit on the waste fees which are described in more detail below.

We noted that Envirocare's procedures and controls include assigning a unique sequential "bates" number for each shipment received as a part of their procedures and controls. Each type of waste stream has its own sequence. Envirocare submits a monthly report for each waste type that identifies each waste shipment received and the fees due. We also noted that Envirocare performs an internal audit to determine that the proper amount of fees has been paid. The internal audit consists of rerunning the waste fee reports after sufficient time has passed for adjustments and corrections to be made to Envirocare's financial management system database. The recalculated amounts are compared to the prior amounts paid to determine if additional fees are due or if Envirocare is due a credit. This internal audit procedure was developed as a result of the prior audit performed by the Department which determined that changes were made to Envirocare's database after the monthly waste fee reports were run that affected the amount of fees that should have been paid

As part of our audit we reviewed the reports submitted to the Department to ensure that all bates numbers had been accounted for, that the information reported by bates number was accurate and that the internal audit was identifying changes to the database. During our audit, we noted certain matters involving the recording and reporting of wastes received that resulted in the improper amount of waste fees reported and paid to the Department. These matters are described and summarized below.

1. Curies reported to the Department did not always match curies reported on the waste manifest. Of 138 waste manifests reviewed that required the reporting of curies, 14 were incorrectly reported. Only one of the 14 errors noted resulted in the improper payment of waste fees, an underpayment of \$32. We were unable to determine the exact cause of the differences but it appears to be an error in the programming that generates the waste fee report. We recommend that Envirocare correct the programming error and rerun their reports to determine if there were other errors that would result in the improper payment of fees to the Department.
2. On one manifest it appeared that the generator incorrectly completed the manifest. The summary totals did not agree with the total of the detail. It appears that the 16,080.6 pounds on the detail section of the manifest was reported as the total kilograms in the summary and this was then converted to 35,419.8 pounds or 17.71 tons. Envirocare did not detect this error and calculated the waste fees on the inflated number of tons, which resulted in an overpayment of \$22.50. We recommend that Envirocare carefully review the manifests to ensure their accuracy.
3. On two manifests the date received recorded on the manifest was different than that recorded on the waste fee report. In both instances the date on the waste fee report was in the month prior to that recorded on the manifest. On three manifests the weight recorded differed slightly between what was recorded on the manifest and the waste fee report. It appears that these may have been data entry errors that have not been detected and correct by Envirocare. In none of the above instances, did the errors result in the incorrect payment of fees due to the rounding that is done and they were all reported on the waste fee reports. However, if the errors were more significant they could have result in the incorrect reporting and payment of fees to the Department
4. We noted six manifests where there were significant errors either in the tonnage reported, waste fee calculation or waste classification which resulted in the improper payment of fees to the Department. Envirocare detected these and other errors by its internal audit and control processes. Additional fees have been paid to the Department for these errors. Envirocare has performed these internal audits approximately every two years; the last being reported to the Department for years 2001 and 2002. We recommend that Envirocare complete the internal audit for 2003 and then conduct them at least once a year.

We appreciate the courtesy and assistance extended to us by the personnel of Envirocare during the course of the audit. If you have any questions, please call 536-4460 or e-mail me at [csilotti@utah.gov](mailto:csilotti@utah.gov).

Sincerely,

Craig Silotti, CPA  
Finance Director

Cc: Dianne R. Nielson  
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